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147th
Annual Report
of the
Bank of Montreal

1964



147th Annual Report

B A N K O F M O N T R E A L

CANADA'S FIRST BANK

Covers Canada...Spans the World



Annual General Meeting, December 7th, 1964, at the Head Office in Montreal

On peut obtenir sur demande un exemplaire du rapport en français

In its 147th year

YOUR BANK . . .

increased its assets by \$393,000,000, or 9.2 per cent, to a new year-end record of \$4,668,000,000 . . .

passed the \$2-billion mark in personal savings for the first time in the Bank's history, bringing total deposits to a new high level of \$4,340,000,000 . . .

showed an increase of 12.8 per cent in loans of all kinds, raising the total over the previous year-end by \$309,000,000 to \$2,729,000,000 . . .

welcomed 82,901 new business and personal depositors, bringing the total number of customers making regular use of the Bank's many services to 3,263,176 . . .

recorded net earnings of \$17,854,883, or \$2.94 per share, an increase of 6.6 per cent, or 19¢ per share, over 1963 . . .

raised dividend payments by 5¢ a share to bring the annual dividend to \$2.20 a share or a total of \$13,365,000 . . .

extended its organization, through the opening of 26 new offices, to a total of 954 offices in Canada, the United Kingdom and Continental Europe, the United States, Mexico and Japan . . .

announced in July that Barclays Bank DCO had become a third equal partner in the Bank of London & Montreal, Limited, thereby broadening the scope of operations for BOLAM's 32 offices throughout the Caribbean and Latin America.

Capital: \$60,750,000

Rest Account & Undivided Profits: \$159,557,599

Total Assets: \$4,668,056,569

Board of Directors

Chairman of the Board and President: *G. ARNOLD HART
Vice-President and Chief General Manager: R. D. MULHOLLAND

Vice-Presidents

*HAROLD S. FOLEY Vancouver <i>Industrialist</i>	ROGER LÉTOURNEAU, Q.C. Quebec <i>Partner, Messrs. Létourneau, Stein, Marseille, Bienvenue, Price, Delisle & LaRue</i>
THE HON. LESLIE M. FROST, P.C., Q.C. Lindsay <i>Partner, Messrs. Frost, Inrig & Gorwill</i>	*J. A. MACAULAY, Q.C. Winnipeg <i>Partner, Messrs. Aikins, MacAulay, Moffat, Dickson, Hinch & McGavin</i>
*R. G. IVEY, Q.C. London, Ont. <i>Partner, Messrs. Ivey, Livermore & Dowler</i>	*THE HON. HARTLAND DEM. MOLSON, O.B.E. Montreal <i>President, Molson Breweries Limited</i>
GORDON H. ALLEN, Q.C. Calgary <i>Partner, Messrs. Allen, MacKimmie, Matthews, Wood, Phillips & Smith</i>	A. SEARLE LEACH Winnipeg <i>President, Searle Grain Co., Ltd.</i>
W. A. ARBUCKLE Montreal <i>Chairman of the Canadian Board, The Standard Life Assurance Company</i>	BERNARD M. LECHARTIER Montreal <i>Vice-President and General Manager, Crédit Foncier Franco-Canadien</i>
R. C. BERKINSHAW, C.B.E. Toronto <i>Business Executive</i>	ARTHUR R. LUNDRIGAN Corner Brook, Nfld. <i>Vice-President and General Manager, William J. Lundrigan Limited</i>
PAUL BIENVENU Montreal <i>President, Catelli Food Products Ltd.</i>	DONALD A. MCINTOSH, Q.C. Toronto <i>Partner, Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart</i>
HENRY G. BIRKS Montreal <i>President, Henry Birks & Sons Ltd.</i>	*D. R. McMASTER, Q.C. Montreal <i>Partner, Messrs. Holden, Hutchison, Cliff, McMaster, Meighen & Minnion</i>
*GEORGE W. BOURKE Montreal <i>Chairman of the Board, Sun Life Assurance Company of Canada</i>	H. C. F. MOCKRIDGE, Q.C. Toronto <i>Partner, Messrs. Osler, Hoskin & Harcourt</i>
RALPH B. BRENNAN Saint John, N.B. <i>President and Managing Director, G. E. Barbour, Company Limited</i>	J. BARTLETT MORGAN Montreal <i>Chairman of the Board, Henry Morgan & Co. Limited</i>
SAMUEL BRONFMAN Montreal <i>President, Distillers Corporation-Seagrams Ltd.</i>	H. J. S. PEARSON Edmonton <i>President, Prairie Pacific Distributors Limited</i>
THE HON. ERIC COOK, Q.C. St. John's, Nfld. <i>Partner, Messrs. Cook, Bartlett, Chalker & Marshall</i>	JACK PEMBROKE, C.B.E. Montreal <i>Chairman of the Board, The Royal Trust Company</i>
H. ROY CRABTREE Montreal <i>Chairman and President, The Wabasso Cotton Company Limited</i>	J. G. PRENTICE Vancouver <i>President, Canadian Forest Products Limited</i>
N. R. CRUMP Montreal <i>Chairman, Canadian Pacific Railway Company</i>	FORREST ROGERS Vancouver <i>President, B.C. Sugar Refinery, Limited</i>
NATHANAEL V. DAVIS Montreal <i>President, Aluminium Limited</i>	LUCIEN G. ROLLAND Montreal <i>President and General Manager, Rolland Paper Co. Ltd.</i>
THOMAS W. EADIE Montreal <i>Chairman of the Board, The Bell Telephone Co. of Canada</i>	V. W. SCULLY, C.M.G., Hamilton <i>President and Chief Executive Officer, The Steel Company of Canada, Limited, Hamilton</i>
*G. BLAIR GORDON Montreal <i>Chairman of the Board, Dominion Textile Company Limited</i>	G. H. SHEPPARD Toronto <i>Chief Commissioner, Liquor Control Board of Ontario</i>
SIR NUTCOMBE HUME, K.B.E., M.C. London, England <i>Chairman, Charterhouse Investment Trust Limited</i>	THE HON. JAMES SINCLAIR, P.C. Vancouver <i>President, Lafarge Cement of North America Ltd.</i>
LEONARD HYNES Montreal <i>President, Canadian Industries Limited</i>	*H. GREVILLE SMITH, C.B.E. Montreal <i>Industrialist</i>
*ARTHUR C. JENSEN Montreal <i>Former Chairman of the Board, Bank of Montreal</i>	NOÉ A. TIMMINS, Jr. Nassau <i>Chairman, Timmins Investments Limited</i>
J. H. MOWBRAY JONES Montreal <i>President, Bowaters Canadian Corporation Limited</i>	HENRY S. WINGATE New York <i>Chairman, The International Nickel Company of Canada, Limited</i>
W. S. KIRKPATRICK Montreal <i>Chairman and President, The Consolidated Mining and Smelting Company of Canada Limited</i>	

*Member Executive Committee.

147th Year of Canada's First Bank

Reporting record year-end figures for total assets, deposits and loans, the Bank of Montreal also revealed record earnings at its 147th Annual General Meeting of Shareholders, held at the Head Office on Monday, December 7th.

On the motion of Mr. J. A. MacAulay, Q.C., Mr. A. C. Jensen was requested to take the chair.

Mr. J. Pembroke, C.B.E., moved, seconded by Mr. J. Bartlett Morgan, that Mr. G. H. Doble and Mr. L. G. McDougall, Q.C., be appointed to act as scrutineers, and that Mr. C. W. Harris be Secretary of the Meeting. This was unanimously carried.

The Chairman then called upon the Secretary to read the Report of the Directors to the Shareholders and, following the distribution of the Annual Statement to the Meeting, to read the Auditors' Report.

Attendance at the Meeting

Shareholders present were: Gordon H. Allen, Q.C.; W. A. Arbuckle; R. L. Bailey; Arthur Barry; L. J. Belnap; R. C. Berkinshaw, C.B.E.; Paul Bienvenu; Henry G. Birks; G. T. Bogert; George W. Bourke; F. R. Brebner; R. B. Brenan; Norman M. Campbell; R. Caron; Rodolphe Casgrain; F. D. Chapman; Armand Chevalier; Ross Clarkson; E. H. Cliff, Q.C.; J. F. Close; Aaron Cohen; Max Cohen; Miss Suzanne Cohen; The Hon. Eric Cook, Q.C.; A. T. Corner; Howard C. Cotterell; H. Roy Crabtree; N. R. Crump; F. R. Daniels; Nathanael V. Davis; Joseph S. Dechantigny; S. H. Dobell; G. H. Doble; T. W. Eadie; Lt. Col. I. H. Eakin, O.B.E.; W. R. Eakin; W. J. H. Ellwood; Eric B. Finley, M.C.; J. R. Flumerfelt; Harold S. Foley; H. C. Fortier; W. C. Francis; The Hon. Leslie M. Frost, P.C., Q.C.; B. C. Gardner, M.C.; G. B. Glassco; A. S. Gordon; C. H. Gordon; G. Blair Gordon; Peter A. Gordon; John Graham; W. W. Graham; G. H. Greening; Miss M. E. Gulman; P. Lindsay Hall; Derek C. Hannaford; C. F. Harrington; A. C. Harshaw; Mr. and Mrs. G. Arnold Hart; F. Hills; H. G. Hilton; Rev. J. L. Hodgson; Sir Nutcombe Hume, K.B.E., M.C., and Lady Hume; Lt.-Col. P. P. Hutchison, Q.C.; Leonard Hynes; T. D. Ingall; R. G. Ivey, Q.C.; Mr. and Mrs. A. C. Jensen; Miss Anne F. Jensen; A. W. Jensen; J. H. Mowbray Jones; R. J. Keep; Lionel P. Kent, C.A.; Peter Kilburn; Eric Kippen; W. S. Kirkpatrick; R. E. Knight; Leo Kolber; Jos. Lagacé, Jr.;

Hans Lang; J. A. Laurin; A. Searle Leach; C. W. Leach, C.A.; R. Maurice Lemieux; Bernard M. Lechartier; Roger Létourneau, Q.C.; A. J. Livinson; Arthur R. Lundrigan; Mrs. S. Lyman; J. A. MacAulay, Q.C.; Dr. D. O. Macdonald; G. Leslie McCrae; L. G. McDougall, Q.C.; Donald A. McIntosh, Q.C.; D. R. McMaster, Q.C.; A. D. McQueen; Carl Mangold; N. H. Martin; A. I. Matheson; Harold A. Miller; H. C. F. Mockridge, Q.C.; The Hon. Hartland deM. Molson, O.B.E.; Henry W. Morgan; J. Bartlett Morgan; Eric S. Morse; Mrs. H. S. Morton; Mr. and Mrs. R. D. Mulholland; W. S. Munro; H. C. Nourse; W. P. Olney; Elzear Orchard; Col. C. Alex Parker; H. J. S. Pearson; J. Pembroke, C.B.E.; W. J. Piper; J. V. R. Porteous; J. G. Prentice; Colin Rankin; P. B. Reid; Bernard B. Richmond; R. W. S. Robertson; R. H. Robinson; P. J. Rodriguez; Forrest Rogers; Lucien G. Rolland; D. D. Ross; Mrs. D. F. Ross; Trevor Ross; N. G. Runians; G. S. A. Russell; V. W. Scully, C.M.G.; John W. Sharp; Mrs. F. S. Sharpe; G. H. Sheppard; A. Shuve; The Hon. James Sinclair, P.C.; A. Smibert, C.A.; H. Greville Smith, C.B.E.; S. R. Smith; F. C. Sutton; K. B. Thomson; R. Thomson; H. W. Tingley; Edgar F. Tolhurst; M. Treitel; Mr. and Mrs. J. L. Walker; C. Gordon Wallace, C.A.; John P. Walwyn; J. B. Weir; G. W. M. Webb; J. M. Wells; G. T. Westwater; A. J. Wishart.

Directors' Report

The directors take pleasure in submitting to the shareholders the 147th Annual Report on the result of the Bank's operations for the year ended 31st October, 1964.

Statement of Undivided Profits

Earnings for the year after making transfers to inner reserves, out of which full provision for diminution in the value of investments and loans has been made, and after provision for depreciation of bank premises and income taxes*		\$17,854,883
Deduct:		
Dividends at the rate of \$2.10 per share	\$12,757,500	
Extra dividend at the rate of 10¢ per share	<u>607,500</u>	
		\$13,365,000
Amount carried forward		\$ 4,489,883
Undivided profits at beginning of year		<u>\$ 1,067,716</u>
		\$ 5,557,599
Transferred to Rest Account		4,000,000
Undivided profits at end of year		<u>\$ 1,557,599</u>

*Total provision for income taxes — \$18,211,471.

(Signed) G. ARNOLD HART,
President.

(Signed) R. D. MULHOLLAND,
Chief General Manager.

During the financial year twenty-six offices were opened in Canada and eight were closed.

In keeping with customary practice, all the offices of the Bank, including the Head Office, have been inspected during the year by competent officers.

After careful valuation of the assets of the Bank, provision has been made for diminution in the value of investments and loans. The sum of \$4,000,000 has been transferred from Undivided Profits to Rest Account which now stands at \$158,000,000.

The Directors again record their appreciation and express their thanks to all members of the staff for the loyal and capable manner in which they have discharged their duties during the past year.

(Signed) G. ARNOLD HART,
President.

Bank of Montreal, 7th December, 1964.

GENERAL STATEMENT

Comparative Statement of the Position of the Bank

ASSETS	1964	1963
Gold and coin	\$ 6,744,335	\$ 7,271,345
Notes of and deposits with Bank of Canada	235,048,178	262,674,915
Government and bank notes other than Canadian	5,635,316	5,081,877
Deposits with other banks	266,075,893	211,885,651
Cheques and other items in transit, net	108,202,227	113,637,477
	<u>\$ 621,705,949</u>	<u>\$ 600,551,265</u>
Government of Canada direct and guaranteed securities, at amortized value	804,223,216	823,612,372
Canadian provincial government direct and guaranteed securities, at amortized value	70,243,050	79,948,248
Other securities, not exceeding market value	268,181,390	195,491,583
Day-to-day, call and short loans to investment dealers and brokers, secured	266,684,575	266,166,046
	<u>\$ 2,031,038,180</u>	<u>\$ 1,965,769,514</u>
Other current loans, less provision for estimated loss	2,250,792,971	1,933,519,706
Mortgages and hypothecs insured under the National Housing Act, 1954	210,963,072	219,506,785
Non-current loans, less provision for estimated loss	421,412	434,599
Bank premises at cost, less amounts written off	68,407,714	69,091,403
Shares of and loans to corporations controlled by the bank	13,056,627	7,895,956
Customers' liability under acceptances, guarantees and letters of credit, as per contra	92,260,024	78,052,440
Other assets	1,116,569	998,798
	<u><u>\$4,668,056,569</u></u>	<u><u>\$4,275,269,201</u></u>

October 31st, 1964, and on October 31st, 1963

LIABILITIES	1964	1963
Deposits by Government of Canada ...	\$ 67,529,958	\$ 89,583,506
Deposits by Canadian provincial governments	90,429,055	51,764,825
Deposits by other banks	223,513,840	192,840,466
Personal savings deposits payable after notice, in Canada, in Canadian currency	2,029,667,387	1,937,139,578
Other deposits	1,929,294,608	1,690,346,664
	<u>\$4,340,434,848</u>	<u>\$3,961,675,039</u>
Acceptances, guarantees and letters of credit	92,260,024	78,052,440
Other liabilities	15,054,098	19,724,006
	<u>\$4,447,748,970</u>	<u>\$4,059,451,485</u>
Capital:		
Capital authorized— 10,000,000 shares of \$10 each\$100,000,000		
Capital paid-up — 6,075,000 shares—issued and fully paid	60,750,000	60,750,000
Rest Account	158,000,000	154,000,000
Undivided profits	1,557,599	1,067,716
	<u>\$4,668,056,569</u>	<u>\$4,275,269,201</u>

NOTE: The above statement includes the assets and liabilities of the Bank of Montreal (California), a subsidiary of this Bank.

G. ARNOLD HART,
President.

R. D. MULHOLLAND,
Chief General Manager.

To the Shareholders of the Bank of Montreal

We have examined the statement of assets and liabilities of the Bank of Montreal as at October 31st, 1964, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The accompanying statement of assets and liabilities is as shown by the books of the Bank. In our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank and the accompanying statement of assets and liabilities presents fairly the financial position of the Bank as at October 31st, 1964.

C. W. LEACH, C.A., of the firm of McDonald, Currie & Co.	} Auditors.
L. P. KENT, C.A., of the firm of Riddell, Stead, Graham & Hutchison	

Montreal, November 23rd, 1964.

Comparative Statement of Undivided Profits

FOR THE YEAR ENDED
OCTOBER 31st

	1964	1963
Earnings for the year after making transfers to inner reserves, out of which full provision for diminution in the value of investments and loans has been made, and after provision for depreciation of bank premises and income taxes*	\$ 17,854,883	\$ 16,747,028
Deduct:		
Dividends at the rate of \$2.10 (1964) and \$1.95 (1963) per share	12,757,500	11,846,250
Extra dividend at the rate of 10¢ (1964) and 20¢ (1963) per share	607,500	1,215,000
	<u>\$ 13,365,000</u>	<u>\$ 13,061,250</u>
Amount carried forward	\$ 4,489,883	\$ 3,685,778
Undivided profits at beginning of year	\$ 1,067,716	\$ 1,381,938
	\$ 5,557,599	\$ 5,067,716
Transferred to Rest Account	4,000,000	4,000,000
Undivided profits at end of year	<u>\$ 1,557,599</u>	<u>\$ 1,067,716</u>
*Total provision for income taxes	<u>\$ 18,211,471</u>	<u>\$ 18,204,530</u>

Comparative Statement of Rest Account

FOR THE YEAR ENDED
OCTOBER 31st

	1964	1963
Rest Account at beginning of year	\$154,000,000	\$150,000,000
Transferred from Undivided Profits	4,000,000	4,000,000
Rest Account at end of year	<u>\$158,000,000</u>	<u>\$154,000,000</u>

CONTROLLED CORPORATIONS

Bank of Montreal Trust Company

STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31st, 1963

ASSETS		LIABILITIES	
	U.S. Currency		U.S. Currency
Due from banks:		Deposits:	
Approved reserve depositories..	\$1,893,704	Demand	\$2,135,170
Other banks and bankers		Time	6,503
(foreign)	220,051	Trust funds	39
	<u>\$2,113,755</u>	Due to banks, bankers and trust companies	1,389
Investments: United States government securities (Quoted market value \$2,242,375)	2,274,331		<u>\$2,143,101</u>
Other assets	41,603	Income taxes	35,869
		Other liabilities	8,029
NOTE: The charter was acquired in March, 1937, for the purpose of more satisfactorily performing certain functions in New York on behalf of the bank's clients. The capital stock, with the exception of the directors' qualifying shares, is entirely owned by the bank, and is carried in the bank's statement at a value of \$1,489,551.		Capital stock and surplus:	
		Capital stock —	
		Authorized, issued and fully paid —	
		10,000 shares of \$100 each ...	\$1,000,000
		Surplus	1,000,000
		Undivided profits	242,690
			<u>2,242,690</u>
	<u>\$4,429,689</u>		<u>\$4,429,689</u>

Bankmont Realty Company Limited
and its wholly-owned subsidiary companies

CONSOLIDATED STATEMENT OF
ASSETS AND LIABILITIES
AS AT OCTOBER 31st, 1964

ASSETS		LIABILITIES	
Cash	\$ 144,839	Accounts payable and accrued expenses	\$ 168,433
Accounts receivable	2,981	Provision for income taxes	20,854
Prepaid expenses	63,838	Loan from Bank of Montreal	3,675,855
Real estate and buildings — at cost		4 1/2% debentures of a subsidiary company	
less accumulated depreciation	11,647,868	due May 1st, 1982 (U.S. \$6,000,000)	6,000,000
NOTES:		Capital stock less deficit:	
(1) The capital stock is entirely owned by the bank and is carried in the bank's statement at a value of \$2,000,000. The bank has offered to subscribe for a further 60,000 shares of the company to be issued at a price of \$50 per share. Debentures of a subsidiary company are also entirely owned by the bank and are carried in the bank's statement at a value of \$5,891,221.		Capital stock —	
(2) Bankmont Realty Company Limited owns the entire capital stock of its two subsidiary companies, Hochelaga Realty and Development Company and The St. James Land Company Limited.		Authorized —	
		100,000 shares without	
		nominal or par value	
		Issued and fully paid —	
		40,000 shares including	
		39,995 shares issued	
		during the year ..	\$2,000,000
		Deficit	5,616
	<u>\$11,859,526</u>		<u>1,994,384</u>
			<u>\$11,859,526</u>

Auditors' Report to the Shareholders of the Bank

We have examined the statements of assets and liabilities of the above controlled companies as of the dates indicated and have obtained all the information and explanations we have required. Our examinations included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statements of assets and liabilities are properly drawn up so as to exhibit a true and correct view of the

state of the affairs of the companies as at the dates indicated according to the best of our information and the explanations given to us and as shown by the books of the companies.

C. W. LEACH, C.A.,
L. P. KENT, C.A.,

Auditors.

Montreal, November 23rd, 1964.



G. Arnold Hart

Calls for Wider Scope in Bank Services to Spur Canada's Exciting Growth . . .

The promise of Canada's exciting growth prospects points up the need for adopting many of the recommendations of the Royal Commission on Banking and Finance, G. Arnold Hart said in his presidential address at the Annual Meeting.

He told shareholders that opportunities which revisions of the Bank Act are likely to open up would result in "a more competitive, broader and more flexible range of lending rates and . . . of deposit rates as well".

There have been times in the past when the decennial revision of the Bank Act has been largely routine. But now, the President said, "It seems altogether likely that Canadian banking is going to be really stirred up, perhaps more than ever before".

With the enlarged scope that is expected to emerge, "competition in banking, already vigorous, will be further stimulated. Under this increased competition banks will no doubt wish to offer as wide a variety of services as possible".

He pointed out, however, that even with such a new diversity in banking, it is unlikely any banking institution would be able to achieve a major expansion of activities in all directions at once. While the Bank of Montreal would take full advantage of new opportunities, major lending activity "will continue to be in the provision of funds to meet the short-term borrowing needs of industry, agriculture and individuals".

Commenting on the Canada Pension Plan, the President urged "that a plan of the magnitude now under consideration be subjected to the most careful and searching analysis of its economic impact, not only in terms of future costs but also in terms of the effect on the processes of saving and investment on which this country's well-being and growth depend".

In conclusion, Mr. Hart said he found it very easy to get excited about Canada's growth prospects. "In such an atmosphere it seems to me there will be unequalled opportunities in the years ahead for expansion and development. I can assure you that this Bank intends to take full advantage of these opportunities."

The text of the President's address follows:



The President's Address

Mr. Chairman, Ladies and Gentlemen,

The directors and officers of the Bank look forward to these Annual Meetings because they give us an opportunity to greet in person a large number of our shareholders, and your interest in being with us on this occasion is a source of gratification to us. We extend to you a very warm welcome.

It is with regret I have to advise you that under a provision of the Bank Act Mr. H. G. Hilton, having reached the age limit set by the Act, is not eligible for re-election as a director. In addition, Col. The Hon. Clarence Wallace, C.B.E., and Mr. R. E. Stavert, both desirous of lessening their business responsibilities, have asked that their names be not submitted for re-election.

Mr. Stavert was first elected to the Board in 1947, Colonel Wallace in 1950 and Mr. Hilton in 1953 and each has made a notable contribution to the affairs of the Bank. I should like, on your behalf, to express to these gentlemen our appreciation of their services and wish them well for the future.

You will be asked today to elect four additional directors and I shall refer to each of these gentlemen briefly. They are Mr. W. S. Kirkpatrick, Chairman and President, The Consolidated Mining & Smelting Company of Canada Limited, Montreal; Mr. J. G. Prentice, President, Canadian Forest Products Limited, Vancouver; Mr. Forrest Rogers, President and Managing Director, The British Columbia Sugar Refining Company Limited, Vancouver; and Mr. V. W. Scully, C.M.G., President, The Steel Company of Canada, Limited, Hamilton. We shall welcome these gentlemen to our deliberations.

It is, I think, appropriate at this time to inform you that Mr. A. C. Jensen has expressed a desire to retire from the office of Chairman of the Board to which he was first elected in 1959. I am happy to say, however, that he has indicated a willingness to remain as a director of the Bank, in which capacity he has now served for ten years, and in that way we may continue to have the benefit of his long experience in the banking field.

Continued Business Expansion

Throughout the past year business activity in Canada has continued at record levels. Indeed, in spite of a flattening in some economic indicators from time to time during the

course of the year, business in general has not turned down and the current expansionary period is now the longest since the end of World War II. This year alone may well see Gross National Product as much as 6% over 1963 in real terms, a very good rate of increase at any time, but even more remarkable in view of the length of the current advance.

As a result, while only a short time ago concern was being expressed about the burden of excess capacity in Canadian industry, prospective demands are now leading to a new surge in capital outlays. Evidence of this may be seen from one end of the country to the other in the many projects designed to add to existing plant that are under way or in the planning stage.

At the same time, it seems to me, the current business expansion has been remarkably well-behaved in the sense that few of the typical signs of an over-heated economy have emerged. Although the past year has seen a continued modest increase in consumer prices, wholesale prices on the average have shown little tendency to rise. In fact, the most recently published figures indicate that wholesale prices are running below those of a year ago. In addition, the supply situation, with a few exceptions, has been generally easy and there has been little evidence of excessive inventory accumulation.

However, for all the expansion that has taken place, unemployment is still a major problem in some parts of the country. Although the percentage of people without work has fallen sharply in some areas—notably the Prairies and Ontario—in other regions the percentages are such that the national average is still about 5%.

Nor have we made much headway in correcting the heavy imbalance in our international trading position. While the general improvement in Canada's current balance of payments since the peak deficit five years ago has been gratifying, it appears that, in spite of record exports, we shall experience a somewhat higher deficit this year than in 1963. And we seem to be as far away as ever from achieving any substantial improvement in the very large unfavourable balance of merchandise trade incurred with the United States. This unfavourable balance will be all the harder to live with in view of the import surcharges recently imposed by the United Kingdom, which are bound to affect our exports to that country.

The monetary policy pursued by the authorities during most of the present upswing has undoubtedly made a contribution to the continued orderly growth of the economy and in the past year money supply has been permitted to run at levels well above 1963. Business

conditions in Canada have, no doubt, been uppermost in the thinking of our monetary authorities, although international monetary developments must also have had a significant influence, especially the events of the past few weeks.

In this context it would appear that the recent increase by the Bank of Canada of a quarter percentage point in its Bank Rate is no more than a prudent adjustment to the concurrent increases of two percentage points in the Bank of England's Rate and a half percentage point by the United States Federal Reserve System. The Canadian action does not appear to signify a major alteration of monetary conditions in this country.

International Liquidity

Even before the recent sterling crisis, the whole question of the flow of funds between major money markets had been widely discussed. Following a number of comprehensive studies examining the problems associated with international liquidity, it was decided at the annual meeting of the International Monetary Fund in Tokyo a few months ago that quotas of Fund members

should be increased. Generally speaking, increases of some 25% seem likely—thus adding to the support immediately available to maintain the external value of individual currencies.

This move to increase international liquidity does not, of course, reduce the fundamental need for each country to keep its own house in order. Such measures are designed, rather, to ensure that countries have ready access to a pool of funds large enough to look after temporary fluctuations, to cope with possible speculative moves against a currency and, in the event of a fundamental disequilibrium, to provide a breathing space while corrective measures are being undertaken, thus avoiding a disruptive crisis in international exchange markets.

The post-war record of co-operation in such matters contrasts sharply with that following World War I. Indeed it was the vivid memory of the 1930's that prompted efforts, starting with the Bretton Woods Conference twenty years ago, to keep the international payments system running smoothly. Within the past two weeks we have seen the most recent example of such co-operation in the massive aid that was quickly marshalled in support of the pound.



Report of the Royal Commission on Banking and Finance

Turning now to domestic considerations, banking and its role in the Canadian economy has been a subject much in the forefront of discussion following the Report of the Royal Commission on Banking and Finance which appeared last April. This voluminous Report is a truly monumental contribution to a better understanding of the nature of the Canadian financial system. While I do not intend to discuss the Report in detail today, I would like to comment briefly on what I believe to be its most significant features from a banking point of view.

The basic approach of the Royal Commission to the matter of banking is a dual one. On the one hand it seeks to broaden the scope of banking by removing some of the restrictions that now exist, including the ceiling of 6% on rates which may be charged and the prohibition against the taking of mortgage security in the ordinary course of business. On the other hand, the Report recommends bringing under federal banking legislation the operations of a number of financial institutions which in one way or another do business of a quasi-banking nature. While these would not become "chartered banks", they would, under the terms of the recommendations, be regarded as "banking institutions" subject to uniform federal regulation if they offer demand or short-term deposit facilities.

Removal of 6% Ceiling



I am sure it will come as no surprise that I welcome the Royal Commission's strong recommendation that the 6% ceiling on lending rates be removed, to quote the Commission itself, "regardless of other changes in the legislation". This restriction, together with the prohibition against the taking of mortgage security, is a major impediment to Canadian banking and effectively limits the banks' ability to increase the scope and flexibility of their services to the Canadian public.

I would add, in this context, that I have been particularly concerned by some misapprehension to the effect that if the ceiling on interest rates were removed the Canadian

banks would promptly take advantage of their new-found freedom by raising lending rates indiscriminately. Nothing could be further from the truth!

What I do envisage as the result of freedom in this important area is a more competitive, broader and more flexible range of lending rates and, be it emphasized, of deposit rates as well, the whole being more responsive to market influences. Further, and this is important, I suggest that with mortgage security also available, the banks will be able to broaden their lending activities to meet the requirements of borrowers who must now look elsewhere for their financing and who in many cases are at present paying rates, outside the banking system, significantly higher than they would conceivably pay within it.

New Diversity in Banking

At the same time, there is no doubt whatever in my mind that if the scope of chartered bank services is widened, and if in addition semi-banking institutions are brought under banking legislation, competition in banking, already vigorous, will be further stimulated. Under the spur of this increased competition banks will no doubt wish to offer as wide a variety of services as possible. But it seems to me that no bank or banking institution, regardless of size, will be able to achieve a major expansion of its activities in all possible new directions at once. In other words, I envisage the necessity of some element of deliberate choice as to the area or areas of lending on which a bank or banking institution may decide to place special emphasis.

In this connection I would like to say clearly that, while it will be the policy of the Bank of Montreal to take full advantage of any additional freedom of movement arising out of new banking legislation, we expect that our major lending activity will continue to be the provision of funds to meet the short-term borrowing needs of industry, agriculture and individuals. In other words, we take the view that one of the characteristics of a good bank is that its basic banking functions are not curtailed by undue, and I emphasize the word "undue", diversion of resources and effort into more peripheral areas of activity.

A Continuing Trend Towards Decentralization

Another matter on which I should like to comment very frankly is the regional impact of this Bank's operations. We have heard it said before, and will no doubt hear it

alleged again, that because a bank happens, for historical reasons, to have its head office located in a particular city, the borrowing customers in and around head office get preferred attention while those at a distance are rather in the position of gathering up the crumbs that fall from the rich man's table.

I have searched my mind for a politer word than "nonsense" to apply to this allegation but can find none better. In the Bank of Montreal, and I am sure matters are no different in other large banks doing a country-wide business, the time has long since gone when a few officials at head office could examine and pass upon the multitude of credit applications received daily by the institution they serve. Indeed, the whole trend of our own thinking today is not to bring more to head office but rather to decentralize by the creation of what are, in effect, regional head offices in various geographical areas.

It is in keeping with this thinking that in the past year we developed further — and we hope made more publicly evident — our policy of regional responsibility by the establishment of six divisional general managerial posts across Canada and one in Europe. And I can assure you that this move was not mere "window dressing". The responsibilities that devolve upon these divisional general managers are heavy indeed and from the standpoint of the day-to-day operations of the Bank we have in a very real sense not one head office in Montreal but, in addition, "head offices" across Canada in Halifax, Quebec City, Toronto, Winnipeg, Calgary, Vancouver and also in London, England. To give you a more specific indication of how this policy works, recent month-end figures indicate that over 99% of the loans made in Canada by this Bank were authorized at branch level or at regional headquarters.

A New Banking Environment

The benefits to be derived from a policy involving a further extension of regional responsibility will, I believe, become even more apparent in the new banking atmosphere likely to develop as a result of the forthcoming revision of the Bank Act. One of the characteristics of Canadian banking from its earliest days has been a periodic review of banking legislation. It may be of interest to note that in the very first charter of the Bank of Montreal there was a similar provision copied almost word for word from the charter of the First Bank of the United States, drawn up in the 1790's by Alexander Hamilton.

Following Confederation the provision was included in successive Bank Acts with the renewal period set at ten years.

These reviews have provided the government and other interested Canadians, including bankers, with an opportunity to propose amendments in line with the developing economy. There have in fact been many changes in our banking laws over the years and Canadian bankers have shown their ability time and time again to adapt to new circumstances.

There have been occasions in the past when the decennial revision of the Bank Act has been largely routine, but this will certainly not be the case this time. It seems altogether likely that Canadian banking is going to be really stirred up, perhaps more than ever before. With the enlarged scope that is expected to emerge it will be a challenge to the foresight and initiative of bankers to move into new fields without losing the characteristic stability of the past.

A Longer Term View



The opportunities which the revisions of the Bank Act are likely to open up for the chartered banks are especially important at a time when Canada seems to be entering a further period of dynamic growth. I am not saying that business activity will move upwards without interruption in the coming decade; it would be unrealistic to suggest that the business cycle has been conquered com-

pletely or that there will not be periodic fluctuations. Beyond this, one factor that will vitally affect Canada's future progress is the extent to which, in an increasingly competitive world, we can achieve and maintain a favourable level of production costs.

On the matter of production costs I cannot help wondering how these will be affected by the proposed Canada Pension Plan. I do most earnestly urge that a plan of the magnitude now under consideration be subjected to the most careful and searching analysis of its economic impact, not only in terms of future costs but also in terms of the effect on the processes of saving and investment on which this country's well-being and growth depend.

If we can keep our production costs competitive the indications are good that stronger than average growth will prevail at least until well into the 1970's.

In the first place, as has been mentioned so often in recent years, the unusually high birth rate of the 1940's will soon result in a more rapid increase in the productive labour force and also in family formation, with all that this means in increased demand for houses, appliances, and the many other things that go into setting up a home.

Secondly, in coming years we can reasonably expect a rising level of exports. This expectation is based on the record of growing affluence in many countries, a general trend towards the reduction of trade restrictions and a smoothly functioning international payments mechanism. Indeed, the growth of world trade in the post-war period has already been nothing short of phenomenal.

Finally, following some years of relatively low capital expenditure, there are clear indications that, as I mentioned earlier, additions to Canadian manufacturing facilities, both by way of new plant and the modernization of machinery and equipment, are now becoming necessary. Outlays for these purposes are likely to coincide with a tremendous program of hydro development, urban renewal, improvements to transportation facilities of all kinds, a new round of mineral exploration, and the special stimulus of Expo '67 and other centennial projects. All of this suggests that we have a number of years of very high investment activity ahead of us.

All in all I find it very easy to get excited about Canada's growth prospects and there is certainly enough going on these days to indicate that many others share this feeling. In such an atmosphere it seems to me there will be unequalled opportunities in the years ahead for expansion and development. I can assure you that this Bank intends to take full advantage of these opportunities.



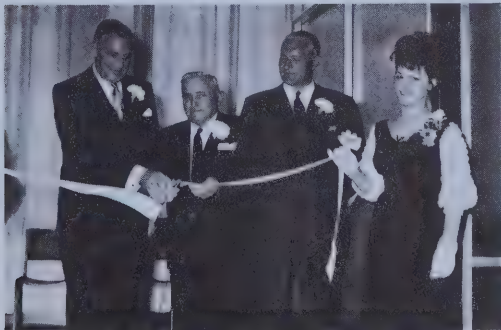
In This Year of Achievement...

A Striking New Addition To OSHAWA

The Bank of Montreal marked its 45th anniversary in Oshawa last summer with the opening of a new, ultra-modern building for its main branch there. R. D. Mulholland, Vice-President and Chief General Manager of the Bank, and His Worship Lyman Gifford, Mayor of Oshawa, jointly cut the ribbon officially opening the new premises at the corner of Athol and Simcoe Streets.

The two-storey building, designed by architects Pentland and Baker, of Toronto, in consultation with the Bank's chief architect, has an area of more than 13,000 square feet. Its greatly expanded facilities will enable the branch to meet the fast-growing demands for banking service in the Oshawa area for years to come.

Streamlined throughout, the interior features counter space for 12 tellers' wickets, two large and three smaller coupon booths located close to the large steel and reinforced concrete vault, for the convenience of safety deposit box customers. In addition, a large conference room is situated on the mezzanine floor.



With a snip of the scissors, R. D. Mulholland, Vice-President and Chief General Manager, and Mayor Lyman Gifford, part the ribbon and formally open the B of M's new building in Oshawa. Observing the ceremony is E. A. Royce, General Manager for Ontario, and attractive savings teller Gloria Wolosewich.

Fluorescent lighting, accoustic tile ceiling, rubber tile flooring, complete air conditioning, fire-proof storage space, an "around-the-clock" depository and a large customer parking lot provide the latest in comfort and convenience.

Among those attending the opening ceremonies, in addition to Mr. Mulholland and Mayor Gifford, were E. A. Royce, the Bank's General Manager for Ontario; Col. R. S. McLaughlin, Chairman, General Motors of Canada, Ltd.; Michael Starr, M.P.; and A. V. Walker, M.P.P. James McCansh, Manager of Oshawa Main office, acted as chairman for the ceremonies.



A completely new concept in bank architectural design is shown in the gracefully curving facade of the building.

In This Year of Achievement...

THE BANK JOINS IN CHARLOTTETOWN'S CELEBRATIONS

As part of the memorial project marking the 100th anniversary of the first Confederation Conference, the Bank's Board of Directors met in full session in Charlottetown on Tuesday, May 12th.

The meeting brought to the Charlottetown

Centennial celebrations representatives of a broad cross-section of business and industry from every part of Canada.

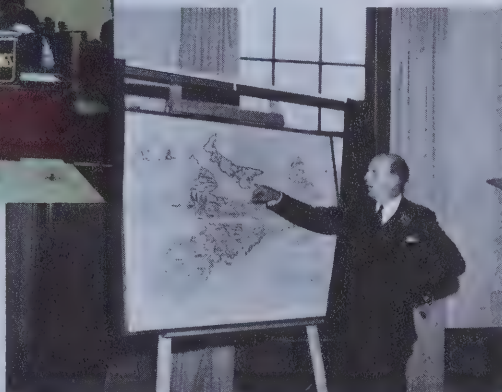
Following the meeting, the Directors attended the official opening ceremonies of the Bank's new building on Grafton Street which saw The





Left: Airy spaciousness keynotes the main banking room of Charlottetown Branch.

Below: Mr. Hart unveils the original 1768 Montrossor map of the Maritime area which was donated by the Bank to Prince Edward Island for the Fathers of Confederation Memorial Buildings.



Honourable Walter R. Shaw, Premier of the Province, cut a ribbon of Prince Edward Island tartan to mark the event. Among those taking part were The Honourable W. J. MacDonald, Lieutenant-Governor of the Island Province, and His Worship A. Walthen Gaudet, Mayor of Charlottetown.

The new B of M building features a completely new concept of bank architecture. The facade, curving gracefully inward from either side, is a large expanse of plate glass secured by vertical columns of aluminum. This unusual concave effect is heightened by a wide canopy, seemingly suspended in mid-air, which was designed by Charlottetown architect Keith Pickard, who collaborated with the Bank's architects on the over-all project.

Distinctively Canadian, the spacious banking room proudly displays bright enamel and aluminum coats of arms of the ten provinces of

Canada, the Yukon and the Northwest Territories. The interior walls also highlight a large coat of arms of Canada in brilliant colour and a large colour photo mural showing an aerial view of the Prince Edward Island countryside.



With this medal, specially struck for the Charlottetown Centennial, the Bank added its own touch to the celebration.





R. D. Mulholland

Reports Year-End Records in Loans, Deposits and Resources, with Earnings at New High Level

Year-end records in loans, deposits and resources, plus a new peak in earnings, were the outstanding features of the 147th Annual Financial Statement presented to the shareholders at the meeting by the Chief General Manager, R. D. Mulholland.

Earnings, after taxes, amounted to \$17,854,883, of which \$13,365,000 was provided for the payment of dividends to shareholders on the basis of \$2.20 per share. This left \$4,489,883 to be added to the balance of undivided profits, bringing the total in that account to \$5,557,599. From this amount, \$4,000,000 was transferred to the Rest Account, bringing total capital funds to \$218,750,000.

Mr. Mulholland reported assets of \$4,668,000,000, loans of \$2,729,000,000 and deposits of \$4,340,000,000. Personal savings increased by \$93,000,000, and passed the \$2,000,000,000 mark for the first time.

Discussing loans, Mr. Mulholland said that the Bank has co-operated with the Government in making loans under the Canada Student Loans Act, "which now supplements the Bank's own University Education Programme". He pointed out that, "While loans under Government-sponsored plans often yield a lower net return than ordinary loans, it is the policy of the Bank to co-operate with the authorities to the fullest extent in recognition of the national interest".

Mr. Mulholland noted record activity in the Bank's international business during the year, and reported that, here at home, "electronic data processing facilities had been extended to Toronto and Vancouver this year, following the opening of the original 'Genie Centre' in Montreal in 1963".

The text of the Chief General Manager's address follows:

Chief General Manager's Annual Address

Mr. Chairman, Ladies and Gentlemen,

The 147th Annual Statement of the Bank, which I have the honour to present to you, records continued progress in all the varied aspects of our business. New high levels were attained in total assets, earnings, loans and deposits.

Earnings

Our net profits for the year amounted to \$17,854,883. after depreciation of premises and equipment and transfers to inner reserves and after providing for income tax. A sum of \$13,365,000. has been provided therefrom for regular and extra dividends, equivalent in total to \$2.20 per share compared with \$2.15 per share for the preceding year.

After these provisions, a balance of \$4,489,883. was carried to Undivided Profits, bringing the total in that account up to \$5,557,599. From this amount a transfer of \$4,000,000. was made to Rest Account, bringing our total capital funds, including Rest Account, to \$218,750,000.

Revenues for the year were appreciably higher, largely due to a material growth in average assets accompanied by a slight increase in the rate of interest earned. Our miscellaneous revenues rose but the overall rate of increase has tended to taper off.

Along with the growth in our business, there was an increase in expenses, of which the biggest single item was the higher cost of interest paid on deposits. The proportion of

A Century of Achievement in ASSETS



our deposits bearing interest has continued the rising trend which has been evident in recent years. The second major expense item in point of size of relative increase was the cost of staff salaries and benefits.

General Statement

Total assets of the Bank amounted to \$4,668,000,000. at the end of the fiscal year, representing a very substantial increase of \$393,000,000. or 9.2% from the end of the previous year and a record year-end total. The increase in our assets was mainly accounted for by a substantial rise in loans in Canadian currency and a somewhat lesser rise in foreign assets.

The customary attention has been paid to the maintenance of the traditional strength of our liquid position. Our daily holdings of cash, day-to-day loans to the short-term money market and Government of Canada treasury bills have been, on the average, well in excess of 15% of deposit liabilities in Canadian dollars in each month throughout the year.

Deposits

At October 31st, total deposits of the Bank stood at \$4,340,000,000., which is a new high level and an increase of \$378,000,000. or 9.5% for the year. Government of Canada deposits at \$68,000,000., were down \$22,000,000. from the figure at the end of last year. Personal savings deposits increased by \$93,000,000. and there was also a substantial rise of \$186,000,000. in deposits in foreign currencies. A milestone was reached in the growth of our personal savings deposits as they passed the two billion dollar mark late in the year.

A Century of Achievement in **DEPOSITS**



Competition, keen as it is in all aspects of banking, was never more so than it is to-day on the deposit side of banking operations. Each bank is anxious, and quite rightly, to maintain and, if possible, to expand its share of available deposit business. But in addition the chartered banks as a group are faced with competition from outside in the form of rates offered by a variety of other financial institutions which by and large are free from important legal restrictions at present surrounding banking and which, therefore, have a scope and variety of revenue sources which are not available to the chartered banks. At the same time the rapid development of the short-term money market has provided yet another avenue for the employment of large corporate balances.

In the competitive struggle for deposits the legal framework within which the banks at present operate plus, at all times, the necessity of maintaining a sound asset "mix" appropriate to the nature of a bank's liabilities, set certain limits beyond which a bank should not and indeed cannot go in respect of the rates paid on deposit funds. But this still leaves room for a considerable degree of adaptability in the provision of means of access to a broader range of deposit media, based on the principle that the holder of sizeable balances who is willing to leave these on deposit with his bank for a fixed period of time, with consequent saving of operating costs to the bank, should receive an appropriate differential in the rate paid for such funds.

In this context we have recently introduced two new forms of term deposit instruments, namely, bearer deposit notes with a term of one year, and fully registered term certificates of deposit with maturities ranging from one to five years. In keeping with the principle I have outlined, neither of these instruments is redeemable before maturity, but both are marketable. With the introduction of these two new instruments, along with short-term deposit receipts which we have had available for nearly four years, we now have special deposit facilities, of one kind or another, for large balances left with us for terms of from thirty days to five years. It is our hope that this extended range of deposit facilities will provide a further incentive to customers to "bring all their banking needs under one roof".

Loans

Our total loans stood at \$2,729,000,000. at October 31st, an increase of \$309,000,000. or 12.8% over the previous year. Call loans to stockbrokers and investment dealers, including day-to-day loans, in Canadian currency increased by \$23,000,000. and similar loans in other currencies declined an almost equal amount. Loans to Canadian provincial governments declined slightly and loans to municipalities rose somewhat. National Housing Act mortgages stood at \$211,000,000., a decline of \$9,000,000. during the year, which was entirely due to repayment of principal. Other loans in Canadian currency, being loans to industry, agriculture and individuals, at \$1,871,000,000. were \$232,000,000. or 14.2% higher than a year earlier.

We have co-operated with the Government in making available, through our facilities, loans under the Canada Student Loans Act which now supplement the Bank's own University Education Programme, introduced in 1962, under which loans for educational purposes are also available. Loans to farmers again increased, attaining new high levels in both advances under the Farm Improvement Loans Act and other loans for agricultural purposes. It may be noted that recent changes in legislation provide for Farm Improvement Loans of considerably higher individual maximum amounts than before.

While loans under Government-sponsored plans often yield a lower net return than ordinary loans, it is the policy of the Bank to co-operate with the authorities to the fullest extent in recognition of the national interest.

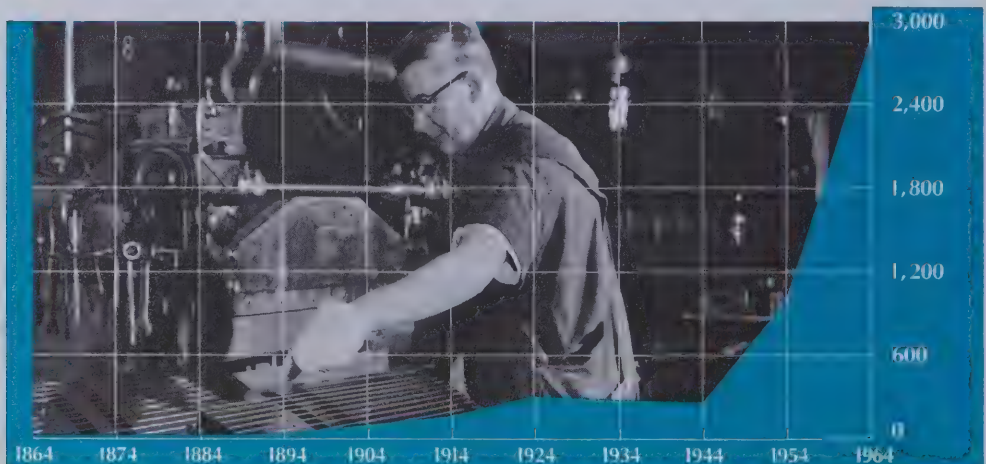
Loans made under our "Family Finance Plan" have recorded another encouraging increase. Although we have, for many years, provided personal loan facilities for smaller borrowers, our programme in its present life-insured form has now been in operation for over five years. Our experience has fully confirmed our belief that such loans, properly related to ability to repay, do meet a real need and are a thoroughly appropriate and useful area of activity for a progressive bank.

Investments

The investment portfolio of the Bank amounted to \$1,142,000,000. at October 31st, compared with \$1,099,000,000. a year earlier.

There was a slight decrease in our holdings of Government of Canada obligations but the individual changes, to a large extent, represented shifts between treasury bills and

A Century of Achievement in **LOANS**



other Government of Canada short-term maturities. Securities other than Canadian rose by \$72,000,000. but the remaining categories of securities showed only minor changes.

There was a decline in the average yield on Government of Canada treasury bills but there were increases in the rate of return from other types of securities.

Continuing attention is paid to portfolio management to ensure that maturities are suitably spaced for our requirements.

Bank Premises

Bank Premises Account, as at October 31st, 1964, amounted to \$68,408,000. after depreciation as compared with \$69,091,000. at the end of the previous year. The decline in this account reflects the sale during the year of 14 properties to Bankmont Realty Company Limited, a subsidiary company of the Bank, for \$4,270,000. If this transaction had not taken place, the balance of Bank Premises Account would have stood at \$72,529,000. after depreciation, showing an increase in line with our normal building requirements.

The name of Bankmont Realty Company Limited, a wholly-owned realty company, appears for the first time in our Annual Statement and the consolidated balance sheet of the company includes the aforementioned properties and incorporates the holdings of its wholly-owned subsidiaries, The St. James Land Company Limited and Hochelaga Realty and Development Company, whose balance sheets formerly appeared separately in our Annual Statement. The capital stock of Bankmont Realty Company Limited is entirely owned by the Bank and is carried in the Bank's statement at a value of \$2,000,000.

Our important branch at Peel and Burnside Streets, Montreal, returned to its former

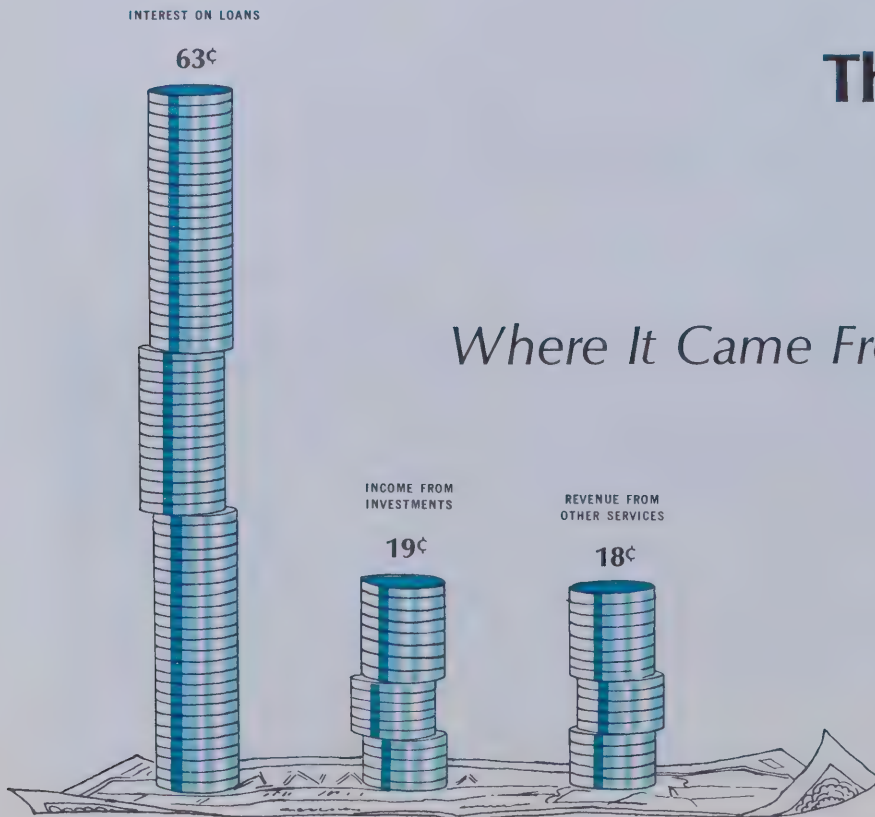
A Century of Achievement in **BRANCHES**



site earlier in the year on the opening of new premises. During the year, we completed 11 new buildings throughout the country and new buildings are also under development at many points across Canada.

Increased demands for the Bank's services in line with the expansion of the economy have necessitated the provision of new branches, the replacement of buildings that have outlived their usefulness and the modernization and enlargement of our premises wherever required. We believe it to be incumbent upon us to provide high standards of convenience and efficiency for our customers and proper working conditions for our staff.

In the twelve months ended October 31st, 1964, 19 new branches and 7 sub-agencies were opened and 5 branches and 3 sub-agencies were closed. We now have banking offices in Canada and elsewhere numbering 954 of which 851 are regular branches and 103 are sub-agencies.



The B of M

Where It Came From

International Business

The Bank has enjoyed its full share of the increased volume of foreign transactions which has resulted from the continued growth in Canada's external trade and record activity was experienced in the Bank's foreign business.

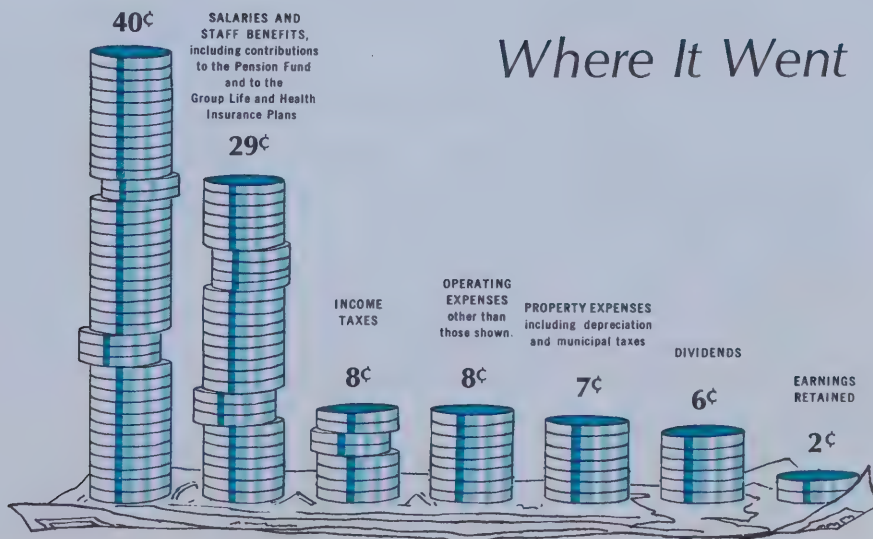
In the foreign exchange market during most of this year the Canadian dollar has traded above its official parity of 92.50¢ U.S. Gains in Canada's export trade and revived financing by Canadians in U.S. capital markets have contributed to this strength in our dollar.

The speculative movement against the pound sterling which occurred towards the end of last month, based on concern as to Britain's balance-of-payments situation, created seriously unsettled conditions in world foreign exchange markets. The announcement that the United Kingdom had made arrangements with 11 other nations for the

Income Dollar*

* After making transfers to inner reserves, out of which full provision has been made for diminution in value of investments and loans.

INTEREST PAID ON DEPOSITS



provision of a fund totalling \$3 billion to support the pound steadied the market and brought some recovery in the sterling rate.

During the year, a significant development occurred in the affairs of the Bank of London and Montreal Limited when its issued capital was increased from £5,000,000 to £7,500,000 to enable Barclays Bank D.C.O. to join with the Bank of London and South America Limited and ourselves, each becoming a one-third partner. This expansion of the capital structure of the Bank of London and Montreal Limited will help provide for its rapidly expanding business and the association with Barclays Bank D.C.O. will be of great advantage, having regard to that bank's international network of some 1,400 offices in 40 countries outside the United Kingdom and to the importance of its parent, Barclays Bank Limited.

Our direct and affiliated representation abroad has now reached important proportions. We have 18 offices outside Canada and these, supplemented by the branches of the Bank of London and Montreal Limited, constitute in all a network of 50 offices equipped to serve the international interests of customers of the Bank of Montreal and its affiliate.

Recently, we have participated with a number of industrial companies, banks and financial institutions in Canada, the United States, Western Europe and Japan in the formation of a private investment company called ADELA Investment Company S.A., which is incorporated in Luxembourg. It will provide private enterprise in Latin America with equity and loan capital and technical and managerial resources.

In August this year, the Bank of Montreal (California) celebrated its 100th anniversary. Our San Francisco office is one of the oldest banks in that City and, indeed, in the State of California. Our new Los Angeles office, established a little over a year ago, is already making a notable contribution to our business and profits in California.

Automation

Last year, I mentioned that we had opened our first "Genie Centre" or computer facility, in Montreal, for the handling of centralized clearing operations and demand deposit accounting. In recent months, we have opened similar centres in Toronto and Vancouver and now have a total of 5 computers in operation in the 3 locations. Conversion of branches to the new system has been effected in Montreal and has been nearly completed in Toronto and the system is now being extended to include branches in surrounding areas. Some 60 branches in and around Vancouver will be brought into the system during the coming months.

It is our intention to remain in the forefront in this field and we have, therefore, contracted for the installation of 5 of the new generation of faster and more modern

computers to replace those in use. We are also continuing to study new and broader applications of electronic processing.

Staff

None of the financial and operating aspects of the Bank's business with which I have just dealt could have been achieved without the devotion and hard work of the almost 17,000 men and women who comprise our Staff. To all of them who have served the Bank so loyally and efficiently during the past year, may I say "thank you for a job well done". I also wish to say at this time that nowhere are there greater opportunities for rapid progress and promotion for diligent and keen young men and women than in the field of banking to-day.

J'aimerais souligner ici, qu'à mon avis, il y a aujourd'hui peu d'institutions offrant des avantages d'avancement supérieurs à ceux qui existent dans la Banque. Nos employés qui sont bilingues et qui cherchent sans cesse à perfectionner leurs connaissances bancaires, seront appelés à assumer des fonctions de plus en plus importantes dans le domaine de la direction supérieure de notre Banque.

Banking is in a period of rapid change running all the way from routine techniques to a stimulating reappraisal of the functions of banking itself. And about the one thing a banker can always be sure of is that each year brings its different problems which have to be surmounted and that even recurring problems are never quite the same.

As the President's remarks have indicated, banking in Canada now stands on the threshold of a period of major change as new banking legislation brings new challenges and new opportunities.

From my knowledge of the people who serve this Bank, I am fully satisfied that they will meet these challenges and take advantage of these new opportunities with all the adaptability and enthusiasm they have demonstrated in the past.

May I also say a particular word of thanks to my senior executive associates both here and elsewhere, who have throughout the year made their special skills so fully and effectively available to me in the guidance and direction of the Bank's affairs.



Other Business of the Meeting

Adoption of Directors' Report

Appointment of Auditors

Appointment of Proxies for Controlled Companies

Amendment to Shareholders' By-Law No. IV

Votes of Thanks — Election of Directors and Officers

Following the addresses, the Chairman moved, seconded by Mr. R. G. Ivey, Q.C., that the Report of the Directors, as read, be adopted and that the Report, which includes the Statement of Undivided Profits, together with the Statement of Assets and Liabilities, be printed and distributed among the Shareholders. The motion was carried unanimously.

Mr. Harold S. Foley moved, seconded by Mr. Bernard M. Lechartier, that Messrs. Campbell W. Leach, C.A., and Lionel P. Kent, C.A., be appointed auditors of the Bank for the ensuing year, and that a ballot for the auditors be taken at the same time as the ballot for directors is taken.

The motion was carried.

Mr. H. C. F. Mockridge, Q.C., moved, seconded by Mr. Paul Bienvenu, the resolutions appointing the necessary proxies for the Bank at meetings of controlled companies. These were unanimously adopted.

Mr. D. R. McMaster, Q.C., moved, seconded by Mr. A. Searle Leach, "That By-law No. IV of the By-laws enacted by the shareholders be and it is hereby repealed, and that the following by-law be and it is hereby enacted by the shareholders in substitution therefor:

'IV (a) The number of the Directors shall be not less than 28 and not more than 48;

(b) Until and subject to the extent to which the provisions of clause (c) hereof shall become effective, the number of Directors shall be 45;

(c) From time to time, upon the passing of a resolution of the Board of Directors declaring that it is expedient that this clause (c) should take effect to the extent of so many additional Directors as the resolution may specify, the number of the Board shall be and it is hereby increased by the number so specified, and the vacancy or vacancies in the Board thereby created may be filled in accordance with the provisions of By-law No. V of the By-laws enacted by the Shareholders, provided that in no event shall the total number of the Directors exceed 48;

(d) Three of the Directors shall constitute a quorum'. " The motion was passed.

Col. C. Alex Parker moved, seconded by Mr. Eric S. Morse, that "the thanks of the meeting are hereby tendered to the President and Directors for their attention to the interests of the Bank."

Speaking to the motion, Col. Parker said:

Mr. Chairman, Ladies and Gentlemen: It is an honour and privilege for me to ask you to adopt a motion thanking the President and Directors for the most satisfactory manner in which they have conducted the affairs of this great Canadian institution during the past financial year.

It is always a pleasure to attend these friendly meetings and to learn of the continued growth of our Bank which means, and has meant, so much to the development of Canada.

I should like to acknowledge on your behalf, and on behalf of the ever growing number of clients, to the President and Directors our appreciation of the wise decisions they have made, their integrity, and their splendid record of attendance at meetings. The wonderful records of achievements which we have heard this morning bear testimony to their efforts, and the efforts of their associates.

In asking you to concur in this time honoured resolution I should like also to add our wishes for their health, happiness and continued efforts.

Mr. Morse said:

Mr. Chairman, Ladies and Gentlemen: It is indeed a pleasure to be given the opportunity to second the motion just proposed by Colonel Parker.

While it may appear traditional and repetitious to express gratitude to the President, Officers and Directors for their accomplishments during the past year, it is, nevertheless, well deserved as is so well represented in the Annual Statement.

Along with the valued contributions made by otherwise busy Directors and the day-to-day fulfilment of duties by the Officers and Employees, there is to my mind, another contribution which is worthy of note and that is the ability which has been so obvious — the development and bringing forward of the younger men over the years to fill the responsible positions which assure that the success of the past and the present will be continued.

I am honoured to be associated with Colonel Parker's remarks on behalf of the Shareholders.

Mr. Hart, responding, said:

Mr. Chairman: On behalf of my fellow directors and myself I wish to thank Colonel Parker and Mr. Morse for their gracious and generous references to our services, and I thank the shareholders for the warmth of their reception of the motion. Your directors are men who have reached eminence in their respective fields of endeavours and are leaders of the business life

of the country. I assure you that their attention to, and interest in, the affairs of the Bank is very real. I would also like to add a personal note and acknowledge gratefully the loyal support I have received from the directors during the past year.

Mr. B. C. Gardner moved, seconded by Mr. F. D. Chapman:

"That we, the shareholders of the Bank of Montreal, having learned that Mr. Arthur C. Jensen has expressed a wish to retire from the office of Chairman of the Board to which he was elected in 1959, desire to place on record our deep appreciation of his services to the Bank during a period extending over fifty years. Entering the service of the Merchants Bank of Canada on 23rd November, 1914, which Bank was subsequently merged with the Bank of Montreal, Mr. Jensen served the Bank continuously thereafter holding among other offices those of General Manager, of Executive Vice-President and of Chairman of the Board of Directors, positions which he filled ably and with great distinction.

"It was further resolved that a copy of this resolution, suitably engrossed, be presented to Mr. Jensen with best wishes for his future health and happiness."

This was carried unanimously.

Mr. Jensen, responding, said: Ladies and Gentlemen, I would like to express my sincere thanks to the Mover and Seconder of this resolution — and to the shareholders present for the manner in which it was received.

A great man once said that "the best prize life offers is the chance to work hard at work worth doing". I am most grateful for the opportunity I have been given to serve an institution like the Bank of Montreal, and for the confidence and support of those with whom I have worked over the years. I have complete confidence that the great traditions of the Bank will be maintained in the years that lie ahead.

Mr. Donald A. McIntosh, Q.C., moved, seconded by Mr. Roger Létourneau, Q.C., that

In This Year of Achievement . . .

A Centenary for Bank of Montreal (California)



During the past century, California, U.S.A., has witnessed an almost unbelievable population boom, and a surging volume of business with other nations — especially Canada.

And sharing in this tremendous growth and development throughout the past 100 years has been the San Francisco Branch of the Bank of Montreal (California). The office was opened in 1864 by the Bank of British North America, which was founded in Canada in 1836, and



Celebrating the 100th anniversary of the Bank of Montreal (California) with the traditional birthday cake are, from left: W. M. Mader, Vice-President, Bank of Montreal (California); R. D. Mulholland, Vice-President and Chief General Manager, Bank of Montreal; California Director Donald Watson; C. R. M. Allan, President, Bank of Montreal (California); California Director R. D. Mackenzie; G. Arnold Hart, President and Chief Executive Officer, Bank of Montreal; E. R. Ernst, Deputy General Manager, International Division, Bank of Montreal.

which merged with the Bank of Montreal in 1918.

The Bank's purpose then, as it is today, was to promote trade and investment between California and Canada. In the fast-paced century that followed, it helped to fill California's burgeoning need for international and domestic banking services.

Following in this vein, and in order to serve Southern California's rapidly expanding business interests more fully, the Bank of Montreal (California) opened a modern Los Angeles office at 508 South Spring Street in 1963.

The Bank of Montreal (California) now enters its second century of service to residents and industries throughout the State. It also continues to serve as an information centre for U.S. and Canadian businessmen as well as for a large number of tourists. In these many ways it encourages the growth of trade and investment between the United States and Canada and the entire free world.



Oldest customers of the San Francisco office, McCormick & Company, were presented with a commemorative plaque upon the completion of 75 years of business association. C. R. M. Allan, left, makes the presentation to Robert C. Crampton, Executive Vice-President of McCormick, and his associate W. Ernest Issel, Vice-President and Treasurer.

"the thanks of the Meeting are hereby tendered to the Chief General Manager, the General Manager, the Divisional General Managers and all other members of the staff, for their services during the past year".

Speaking to the motion, Mr. McIntosh said:

Mr. Chairman, Ladies and Gentlemen: I am fortunate this year to have the privilege of moving, on behalf of the shareholders, a vote of thanks to the Chief General Manager and the Staff of the Bank for their services during the past year. .

Similar motions have no doubt been passed at annual meetings for many years and have thus become traditional. However, this makes today's motion no less sincere. In fact as the years go by and modern business organizations become more complex the obligations of the shareholders — the owners — of a business to the personnel on the firing line continue to increase.

It has been said by more eminent authority than myself that people make a business. How true this is! Bricks, mortar, machinery and the like can be purchased. But all the bricks, mortar and machinery in the world would be of little use without people. It is people — of the right kind — that make an organization function efficiently and profitably. We at the Bank of Montreal are singularly fortunate in this regard. I think that the results of the year's operations which have been laid before us today are ample evidence of the loyalty, intelligence and devotion of the Staff of this Bank.

These results just don't happen. In this highly competitive age neither this Bank nor any other business organization can afford to relax, relying on its past successes. A corporation is an impersonal, inanimate thing. It is people who give it life and the success of any corporation is directly related to the quality of the people who make up its staff.

The term "corporate image" is very much overworked today. However, in my opinion it is no idle boast to say that the high regard in which this Bank is held today by its customers and the public at large is in no small measure due to the friendly and efficient service fur-

nished by the Staff, in their daily duties and by the community spirit displayed by many members of the Staff in the various areas where they work and live.

I think that each shareholder of this Bank will join with me in congratulating Mr. Mulholland and each of the senior officers and all members of the staff for a job well done.

Mr. Létourneau said:

Monsieur le président, Mesdames et Messieurs: Je suis très heureux d'appuyer cette proposition de monsieur McIntosh, car j'ai la conviction que nous interprétons fidèlement les sentiments de tous nos administrateurs et de nos milliers d'actionnaires en exprimant ainsi leur reconnaissance à notre premier directeur général, à ses collaborateurs immédiats et au personnel de notre siège social et de toutes nos succursales, grandes ou petites, proches ou éloignées.

De même que la qualité de ses produits ou marchandises est le principal critère de l'excellence du producteur, du manufacturier ou du marchand, l'efficacité de l'organisation et de l'administration d'une banque se mesure à la qualité de ses services et au degré de satisfaction de sa clientèle ainsi qu'à l'ampleur de celle-ci. Or, les magnifiques résultats de l'exercice financier que notre banque vient de clore rendent un témoignage éloquent à la compétence, au labeur et à la loyauté de sa direction et de tout son personnel.

I am greatly honoured and pleased to second the motion of Mr. McIntosh expressing our gratitude to the Chief General Manager, the General Manager, the Deputy General Managers, the Assistant General Managers and the entire staff of our head office and all our branches for their most valuable services during the past year.

Mr. Mulholland, responding said:

Mr. Chairman, it is my pleasant duty on behalf of my colleagues at Head Office, at the divisional points in Canada and abroad, and all other members of the staff, as well as on my own behalf, to thank Mr. McIntosh and Mr. Létourneau for their generous remarks in speaking to this motion and also for the manner in

In This Year of Achievement...

A STAFF TRAINING MILESTONE

Fifteen years ago the first formal staff training course was held by the Bank in Montreal. Today the Bank is one of the most progressive proponents of staff training in Canada, and its regional training centres in key cities across the country have trained over 6,000 men and women in banking techniques and theory.

To supplement "on-the-job" training of staff, which must always be the prime responsibility of branch management, our training centres in Vancouver, Calgary, Winnipeg, Toronto, Montreal, Quebec City and Halifax offer formal courses, with subjects ranging from orientation to managerial practices. These regional training centres make possible the training of individuals in actual banking situations away from the pressures of dealing directly with the public.

After training in the basics of banking, the new staff member is placed directly in a branch, but returns from time to time to the centre for further instruction. In smaller cities training in specialized subjects is also carried out for staff in the surrounding district by branch instructors.

The responsibility for formal training of bank personnel from junior through managerial levels lies with a large staff of highly-trained instructors chosen for their teaching abilities.

In this day of increasing competition, the programme ensures that the Bank will continue to live up to its tradition of providing the most advanced banking service.



Young novice bankers learn the business in simulated situations at regional training centres.



Class discussions, too, are an integral part of the B of M's training courses for future bankers.



"Ici on parle français." These senior branch officers from the Montreal area spend an hour each day learning conversational French. The concentrated 36-week course is designed to provide competency in the language.

which the resolution has been received by the shareholders. I know that this expression of the confidence and esteem of our directors and shareholders will be deeply appreciated by every member of the Bank's family.

The Chairman then said: "The remaining business before the meeting is the balloting for the appointment of auditors, and for the election of directors for the ensuing year. The ballot is now open for these purposes and I will ask the Secretary to read the names of those proposed for election as directors."

The Secretary then read to the Meeting the list of proposed directors as follows:

Gordon H. Allen, Q.C.; W. A. Arbuckle; R. C. Berkinshaw, C.B.E.; Paul Bienvenu; Henry G. Birks; George W. Bourke; Ralph B. Brenan; Samuel Bronfman; The Honourable Eric Cook, Q.C.

H. Roy Crabtree; N. R. Crump; Nathanael V. Davis; T. W. Eadie; Harold S. Foley; The Honourable Leslie M. Frost, P.C., Q.C.; G. Blair Gordon; G. Arnold Hart; Sir Nutcombe Hume, K.B.E., M.C.; Leonard Hynes; R. G. Ivey, Q.C.

A. C. Jensen; J. H. Mowbray Jones; W. S. Kirkpatrick; A. Searle Leach; Bernard M. Lechartier; Roger Létourneau, Q.C.; Arthur R. Lundrigan; J. A. MacAulay, Q.C.; Donald A. McIntosh, Q.C.; D. R. McMaster, Q.C.; H. C.

F. Mockridge, Q.C.; The Honourable Hartland deM. Molson, O.B.E.; J. Bartlett Morgan; R. D. Mulholland; H. J. S. Pearson.

J. Pembroke, C.B.E.; J. G. Prentice; Forrest Rogers; Lucien G. Rolland; V. W. Scully, C.M.G.; G. H. Sheppard; The Honourable James Sinclair, P.C.; H. Greville Smith, C.B.E.; Noé A. Timmins, Jr.; Henry S. Wingate.

Mr. F. R. Daniels nominated the gentlemen whose names had been read by the Secretary for election as Directors of the Bank for the ensuing year.

The balloting was then proceeded with.

The scrutineers appointed for the purpose submitted their report and the chairman declared that Messrs. Campbell W. Leach, C.A., and Lionel P. Kent, C.A., were duly appointed auditors, and that the gentlemen named in the list read by the Secretary and nominated by Mr. Daniels had been elected directors.

The meeting then terminated.

At a subsequent meeting, the Board of Directors elected G. Arnold Hart, Chairman of the Board and President, and R. D. Mulholland, Harold S. Foley, The Honourable Leslie M. Frost, P.C., Q.C., R. G. Ivey, Q.C., Roger Létourneau, Q.C., J. A. MacAulay, Q.C., and The Honourable Hartland deM. Molson, O.B.E., as Vice-Presidents.





Bank of Montreal

FOUNDED IN 1817

Officers at Head Office

Chairman of the Board and President

G. ARNOLD HART

Vice-President and Chief General Manager

R. D. MULHOLLAND

General Manager

J. L. WALKER

Deputy General Managers

D. W. CASEY

E. R. ERNST (International Division)

T. D. LEWIS (Securities Department)

W. T. G. HACKETT (Investments)

D. B. PETERS (Eastern Division)

F. S. HARRISON (Western Division)

R. L. SHEARD (Ontario Division)

Assistant General Managers

W. H. COLLIE (Business Development Division)

G. A. RHÉAUME (Eastern Division)

W. A. HOTSON (Staff Department)

S. T. STRATHY (International Division)

Assistants to the Chief General Manager

J. V. WALTERS

S. A. SHEPHERD

Secretary

C. W. HARRIS

Comptroller

B. W. POWER, C.A.

Chief Accountant

J. F. CLIFF

Chief Inspector

A. S. C. BLACK

Economic Adviser

J. E. TOTEN

*Executive Assistant,
Public Relations*

~~G. D. HULME~~

MIKE GAUSDEN (?)

877-6982

Superintendents

Western Division G. H. PINK

Ontario Division W. E. OHBERG

Eastern Division T. E. CHAPMAN

Montreal District R. R. T. ADAMS

Montreal District E. R. HOGG

Staff E. F. BOSIGER

International Division F. B. CLARKE

International Division J. O. F. LAMOUREUX

Securities Department W. D. SMALL

Business Development Division J. E. LALONDE

Supervisors

Bank Premises Department W. D. PITTS

Foreign Exchange Department E. C. WINROW

Mortgage Department O. F. NIEBERGALL

Shareholder Services L. M. BAYLY

Officers at Canadian Divisional Points

BRITISH COLUMBIA DIVISION

Vancouver

A. J. ELLIS General Manager
E. J. KELLEHER Superintendent
C. E. NOBLET Assistant General Manager
and Manager, Main Vancouver Branch

ALBERTA DIVISION

Calgary

J. R. McLEAN General Manager
R. R. CURTIS Superintendent
J. B. JONES Manager, Main Calgary Branch

MANITOBA and SASKATCHEWAN DIVISION

Winnipeg

H. L. McKAY General Manager
F. S. SHARPE Superintendent
F. P. BAINES Manager, Main Winnipeg Branch

ONTARIO DIVISION

Toronto

E. A. ROYCE General Manager
M. WINDOW Assistant General Manager
J. B. LESSLIE Assistant General Manager
C. E. GRIESDALE Superintendent
R. L. W. SOFTLEY Superintendent
G. N. SCOTT Superintendent
W. T. HODGINS Assistant General Manager
and Manager, Main Toronto Branch

QUEBEC DIVISION

Quebec, Que.

LAURENT GELLY General Manager
C. G. JOHNSON Superintendent
M. A. MASSÉ Manager, Main Quebec City Branch

ATLANTIC PROVINCES DIVISION

Halifax

T. R. FRANCIS General Manager
F. H. G. WRIGHT Superintendent
B. E. ROGERS Manager, Main Halifax Branch

MONTREAL MAIN BRANCH

R. SMILLIE Assistant General Manager
and Manager, Main Montreal Branch

International Organization

International Division, Head Office

Deputy General Manager

E. R. ERNST

Assistant General Manager

S. T. STRATHY

Superintendents

F. B. CLARKE

J. O. F. LAMOUREUX

Officers Outside Canada

EUROPEAN DIVISION:

General Manager

J. A. HOBSON (London, England)

GREAT BRITAIN

London—Main Office, 47 Threadneedle Street, London, E.C.2;

Manager, D. R. McCallum

Deputy Manager, H. N. Little

Assistant Managers, S. S. Harris, P. A. Browning

West End Office, 9 Waterloo Place, London, S.W.1;

Manager, G. L. Williams

Assistant Manager, J. D. L. Gibbs



CONTINENTAL EUROPE

European Representatives' Offices

WEST GERMANY

Düsseldorf—Königsallee 6,
Representative, R. J. R. Bonneland

FRANCE

Paris—10, Place Vendôme, Paris 1er,
Representative, G. F. Boe
Assistant Representative, J. G. Pare

Offices for Armed Services at Marville and Metz in France, and at
Baden-Baden, Zweibrücken, Soest, Hemer and Werl in Germany.

UNITED STATES

New York, N.Y.—Agency, Bank of Montreal, Two Wall Street, New York 10005.

Assistant General Manager and Chief Agent

G. V. ADAMS

Agents

J. C. H. Kenner

N. Kjeldsen

R. J. Allen

Assistant Agents

T. P. Grimes

W. F. Hudkins

Bank of Montreal Trust Company, Two Wall Street, New York 10005.

President, G. V. Adams; Vice-Presidents, J. C. H. Kenner, C. E. Neuebauer; Secretary, D. Gillies;

Treasurer and Assistant Secretary, G. W. Jackson

Chicago, Ill.

Resident Representative's Office,

Suite 2700, Board of Trade Bldg.,

141 West Jackson Blvd., Chicago 60604:

Representatives, H. B. Francis, T. A. O'Donnell

Houston, Texas

Resident Representative's Office,

Suite 716,

1021 Main Street, Houston 77002:

Representative, A. M. Tracey

BANK OF MONTREAL (California)

San Francisco

333 California Street, San Francisco 94104:

President, C. R. M. Allan

Vice-President, W. M. Mader

Los Angeles

508 South Spring Street, Los Angeles 90013:

Senior Vice-President, F. R. Southee

DIRECTORS: C. R. M. Allan, San Francisco;

Harold S. Foley, Vancouver; D. T. Loofbourrow, San Francisco; R. D. Mackenzie, San Francisco;

W. M. Mader, San Francisco; F. R. Southee, Los Angeles; Donald Watson, San Francisco; John R. Mage, Los Angeles

MEXICO

Mexico City Representative's Office

Avenida Isabel la Catolica 43-704, Mexico 1, D.F.

Representative, Dr. Luis A. Gonzalez

Assistant Representative, William J. Carr

JAPAN

Far East Representative's Office

Tokyo—New Tokyo Bldg., Room 419, No. 2, 3-chome, Marunouchi, Chiyoda-ku.

Representative, David B. Jewell

Assistant Representative, R. J. P. Pierce

CARIBBEAN AREA

Affiliate: BANK OF LONDON & MONTREAL, LIMITED

Head Office: Nassau, Bahamas

(Owned jointly by Bank of Montreal, Bank of London & South America, Limited, and Barclays Bank D.C.O.)

32 Offices in The Bahamas, Colombia, Ecuador, El Salvador, Guatemala,

Honduras, Nicaragua, Venezuela, Jamaica and Trinidad.

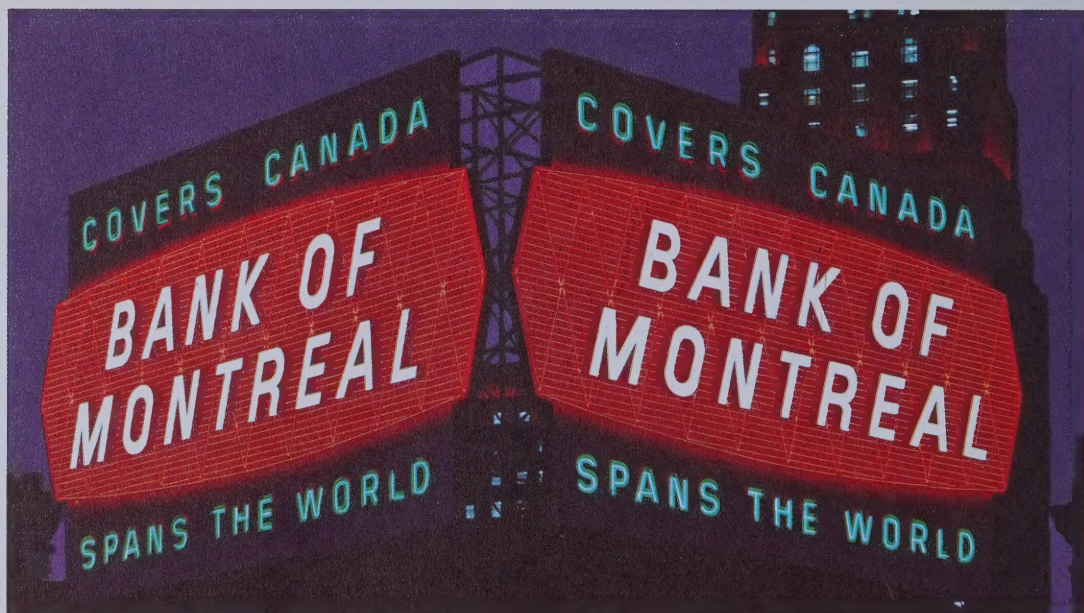
DIRECTORS: Chairman: Sir George L. F. Bolton, K.C.M.G.;

Deputy Chairmen: G. Arnold Hart, Sir Julian S. Crossley;

W. A. Arbuckle; Jack Ashworth, F.C.A.; The Hon. B. P. Bouverie, O.B.E.; J. Graham; Brian F. Macdona;

The Hon. Hartland de M. Molson, O.B.E.; George G. Money; Frederic Seeborn; S. T. Strathy; Henry F. Tiarks; Noé A. Timmins, Jr.

EXECUTIVE OFFICERS: Head Office—General Manager: D. G. Mitchell; Assistant General Manager: J. S. Hughes



In This Year of Achievement . . .

SOMETHING SPECTACULAR IN TORONTO



Spelling out "Bank of Montreal" for all Toronto to see, huge sections of the "spectacular" are gingerly placed in position against a background of blue Ontario sky.

"Covers Canada—Spans the World" is fast becoming a familiar slogan of the Bank. In the Toronto area credit can be given in great part to the giant illuminated "spectacular" sign dominating the skyline at the foot of Yonge Street. The display overlooks the Gardiner Expressway at one of the busiest locations for automobile traffic in Canada.

Installed early this year, the massive V-shaped sign spells out the slogan in 30-inch letters and "Bank of Montreal" in 54-inch letters. When illuminated at night, its eight-phase flashing sequence catches the eye from great distances both east and west along the expressway and south from the city's lakefront.

